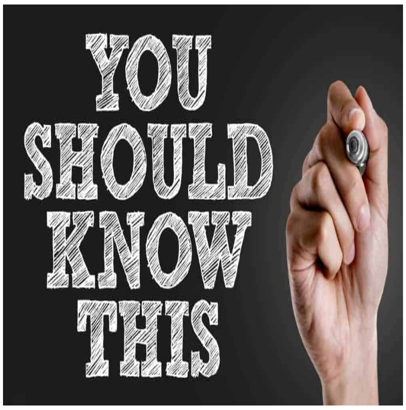

Canada Revenue Agency: 3 Huge Tax Changes You Need to Know in 2020!

Description

Due to the ongoing COVID-19 outbreak, the Canada Revenue Agency is making a number of changes in 2020. These include filing and payment extensions, along with a number of extra cash transfers. The extensions apply to the 2019 tax year while the cash transfers are new for 2020.

If you're an investor, you may be able to benefit from some of the tax changes coming this year. While there are no specific tax breaks for investors, many of the broad changes benefit those who bought or sold stock in 2020. The following are three you should know about.

Tax filing

The biggest Canada Revenue Agency change coming in 2020 is a tax filing extension. Previously, you had to file your taxes by April 30. Now, the deadline is June 1.

This is a big benefit for basically everybody, including investors. If you trade stocks, you have to report the dividends and capital gains with your personal income.

Calculating the adjusted cost base of your shares can be a time consuming process. By extending the deadline, the CRA has given you more time to do it, making it less likely that you'll miss the deadline.

Tax payment

In addition to extending the filing deadline, the Canada Revenue Agency has also extended the payment deadline. This is another big plus for investors. If you invest in stocks or bonds, you have to manually send the money to the CRA yourself. If you don't get it in by the deadline, you'll pay interest on the amount owing. That could add up to a significant amount.

For illustration, let’s consider an investor with a 30% marginal tax rate who bought $100,000 worth of **Fortis Inc** shares, and sold them for $120,000, leaving the investor with a $20,000 capital gain. Of that, $10,000 would be taxable.

With a 30% marginal tax rate, the investor would owe $3,000 — not an insignificant tax. And if the investor hadn’t set the money aside, it could be hard to come up with. Additionally, because Fortis pays a dividend, the investor would have to pay dividend taxes on top of all that.

Under normal circumstances, this investor would be running out of time to pay their taxes if they hadn’t paid already. But because of the CRA’s emergency change, the investor has until September 1 to pay the piper, which means there’s plenty of time to calculate the taxes owing, get the money, and remit it to the Canada Revenue Agency.

New and expanded benefits

A final 2020 tax change to keep in mind is new and expanded benefits. The new benefit is the Canada Emergency Response Benefit (CERB), which pays $2,000 a month to those out of work.

The expanded benefits include GST/HST rebates and Canada Child Benefit payments. For those with lower incomes and/or dependent children, these benefits could bring in much needed cash.

While these benefits aren’t as directly applicable to investors, in times like these, every penny counts.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/07/06
Date Created

2020/04/15

Author

andrewbutton